

Internal Revenue Service

Department of the Treasury

District
Director

Person to Contact:

Telephone Number

Refer Reply to:

Date:

SEP 18 1984

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

The purposes for which your organization was formed, as set forth in Articles II B of your Articles of Incorporation, are:

"The specific purposes of this corporation shall be the education, instruction, and promotion of public interest in the history, study, art form, craft aspects, and collector and trading market available for limited edition reproductions of artist painted collectable plates, figurines, lithographs, miniatures, and related materials"

On page 2, Form 1023, it is stated that, "The organization, primarily through what is hoped to be an annual three day convention, plans to make available for the public the latest and most noteworthy collectable plates, lithographs, miniatures and figurines in one location."

Promotional literature distributed by the organization states in part:

"[REDACTED], whose membership consists of [REDACTED] clubs, with a combined roster of over [REDACTED] members, has been formed expressly for the purpose of promoting and hosting a major limited edition convention"

The proposed budget furnished by the organization discloses that its income will be derived primarily from convention admissions, banquets, booth rentals and other related activities.

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Section 1.501(c) 6)-1 of Income Tax Regulation states, in part, as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest....It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons."

The organization applied for exempt status previously on Form 1023 as an educational organization. The purposes were not exclusively educational under section 501(c)(3). Although some educational activities were conducted during the annual convention. Therefore, it did not meet the requirements under section 501(c)(3).

The primary activity of the organization is to conduct a three day convention annually and since no other exempt purposes exist, the organization does not meet the requirements of a 501(1)(6) entity.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file income tax returns on Form 1120, annually, with your District Director.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6019. Please note the instructions for signing on the reverse side of this form.


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If you are not in agreement with this proposed determination, we recommend that you request for a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

Sincerely yours,

District Director

Enclosures:

Publication 892

Form 6018